

ADAM SMITH

By
Sir ALEXANDER GRAY



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ADAM SMITH

BY

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In a period when the wealth of nations is a major topic of debate, the author of *The Wealth of Nations* must be of interest.

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ADAM SMITH

1723-1790

I

ADAM SMITH was so pre-eminently one of the master minds of the eighteenth century and so obviously one of the dominating influences of the nineteenth, in his own country and in the world at large, that it is somewhat surprising that we are so ill-informed regarding the details of his life. The standard biography is that written by John Rae; but in some respects, viewed merely as a biography, it is a rather curious production. Professor Scott, who piously devoted the evening of his life to unearthing all that was to be known or imagined regarding Adam Smith's life as a student and professor in the years before his fame, has very rightly said that Rae's *Life* 'shows immense skill in concealing gaps'. The destruction of Adam Smith's manuscripts a week before his death was almost a symbolical act. Smith went through life, leaving few memorials apart from his enduring published works and the less enduring memories of his intimate friends. Consequently there are very considerable stretches of his life about which we know little or nothing. His biographer therefore is almost perforce driven to eke out his scanty material by writing not so much a Biography of Adam Smith as a History of his Times.

Adam Smith's life, then, we know only in its large outlines, relieved by an occasional illuminating incident. Yet even in dealing with a scholar and a philosopher, the mere stuff of which biography is made may not be disentangled from the achievement which is left as a legacy to posterity. In the case of Adam Smith some have, rather foolishly, affected to find matter of surprise in an assumed contrast between the life of the scholar—who was therefore by definition a recluse and an absent-minded recluse—and his work, which shook the policy of nations. In fact *The Wealth of Nations* is rooted in his life and above all in the experiences of his early years; it sprang naturally out of his occupations and environments, supplemented by the observant and enquiring frame of mind with which the Almighty had endowed him. The biographical material may be scant, but it provides an indispensable framework for any attempt to understand or assess *The Wealth of Nations*.

Adam Smith was born in 1723 in Kirkcaldy, where his father had been Collector of Customs. He was a posthumous child, but his mother was left in comfortable circumstances. Indeed throughout life neither want nor care ever knocked at Adam Smith's door. By present-day standards, Kirkcaldy was then little more than a village; but a collection of fifteen hundred people, at a certain stage of a country's development, may be a busy, bustling community. Kirkcaldy had quite extensive commerce and shipping; there were collieries and salt-pans nearby; in view of the celebrity of Adam Smith's later illustration of Division of Labour drawn from the manufacture of pins, it is interesting to note that there was a nailery near at hand. Kirkcaldy thus revealed to Adam Smith, an attentive and observant lad, something of the world's industry and manufactures and trade. At the same time, his mother was connected with the landed families of Fife, and he was periodically parked out on his relatives. This gave him an early interest in agriculture, which endured. The only exciting event in Adam Smith's life occurred in these early years; and as it is recorded by every biographer, it would be improper to pass it over in silence. As a mere infant, he was stolen by gipsies who then ravaged the country. Fortunately the precious cargo was recovered before too long, and the author of *The Wealth of Nations* was safely restored to his accustomed cradle.

At the age of fourteen Adam Smith became a student at the University of Glasgow. The great influence at this stage—and indeed one of the great influences throughout life—was that of his teacher and master, Francis Hutcheson, of whom Smith ever afterwards spoke in terms of loving veneration. Glasgow was followed by six years—and six not very happy years—at Oxford. Oxford was then in one of its dead periods; and Adam Smith learned little apart from what he taught himself—doubtless a liberal education. To memories of the staleness of Oxford we owe, however, one of the most diverting passages in *The Wealth of Nations*.

Having escaped from the tedium of Oxford, Smith returned to Kirkcaldy where he spent two unrecorded years. He gave certain lectures in Edinburgh, chiefly on English literature and style. Then in 1750 he was appointed Professor of Logic in the University of Glasgow, and a year later was transferred to the Chair of Moral Philosophy. Thus began those years in Glasgow which really made Adam Smith. Long afterwards, towards the close of his life, he referred to this period of thirteen years as 'by far the most useful and therefore as by far the happiest and most honourable period of my life.'

As Adam Smith has himself signalled his years in Glasgow as the golden age of his life, it may be well to ask in what ways Glasgow helped to fashion the author of *The Wealth of Nations*.

Three influences perhaps call for consideration. First, there was Glasgow itself, Glasgow in the 1750's. For a man who was destined later to set in a new light the trade, the industry, and the commerce of the country, and whose gospel was to be one of freedom, there could be no place like Glasgow in these years. It was Glasgow on the upswing, the days of the great tobacco lords. More than half the tobacco coming into the country came by way of the Clyde, and most of the tobacco that came in was later re-exported to Europe. Adam Smith encountered Glasgow at one of its most prosperous and thriving stages; and the prosperity of the town might very well be attributed to the greater share of Scotland in the colonial trade from which she had been excluded before the Union. It might therefore be regarded as an example of the benefits to be derived from that greater freedom, of which Adam Smith was the impassioned advocate. Throughout his whole life Smith made a point of learning from those who were best qualified to give him the best information on any subject. Glasgow belonged to him: it was his laboratory and its merchants were his teachers.

There was, secondly, the University. In contrast to the Oxford which Smith had known, Glasgow University was very much alive. Despite the customary legends designed to show that a philosopher is necessarily absent-minded and a child in the world's affairs,¹ Adam Smith in fact ran the University during the thirteen years he was there. If there was anything to be done or anything to be seen to, his colleagues pushed it on to him. But apart from the intellectual life of the place, the University was very much abreast of the times. The authorities established a printing press, and sponsored other unexpected activities within the University. Most notably, perhaps, they provided a workshop for James Watt, and made him 'Instrument Maker to the University,' when the old trade corporations under their regulations refused to allow him to open a workshop within the City. Doubtless this example of the hampering effect of the old restrictive system was not lost on Adam Smith.

The third aspect of Glasgow life which helped to fashion Adam Smith is to be found in the Clubs—'Clubs' in the eighteenth century sense, where congenial spirits met once a week and combined chicken-broth with discussions on trade and the fine arts. The most important of these was, rather surprisingly, called the Political Economy Club, founded by Andrew Cochrane, a great provost and a great merchant; and during all the time that Adam Smith was in Glasgow, this Club met once a week, ate, and discussed questions of interest to the business community. Somehow

¹ Apparently on one occasion Adam Smith got a friend to buy corn for his horse. This supreme example of helplessness when confronted with the affairs of the world has never been forgotten.

Adam Smith managed at the same time to be a member of certain clubs in Edinburgh, in particular the Select Society, which also discussed economic questions, though perhaps with a bias in favour of agriculture. He was also an original member of the Edinburgh Poker Club, a designation which may convey a wrong impression in these degenerate days. This Club derived its name from the fact that—as its members hoped—it was designed to be an instrument for stirring opinion by keeping the poker of agitation in active exercise. It is probable that these Clubs played quite a peculiar part in the development of Adam Smith. It was 'Cochrane's Club' that kept him in continual touch with the business people of Glasgow, and taught him so much that he could never have learned otherwise. Of all bookish men, Adam Smith was in some respects the least bookish. He always realised that book-learning has to be supplemented by the conversation of the man-on-the-job. And perhaps there are less agreeable forms of education than that which consists in imbibing instruction along with chicken-broth.

To Adam Smith's Glasgow period belongs *The Theory of Moral Sentiments*, a work which established his reputation as a philosopher, not merely in London but also on the Continent. He resigned his Chair in 1764, in order to become travelling tutor to the young Duke of Buccleuch. According to Adam Smith himself, the tendency of the aristocracy to regard foreign travel as an appropriate substitute for a more systematic and arduous form of education was largely due to the disrepute into which the English universities had fallen. For Adam Smith's subsequent development and activities this curious interlude is significant in two respects. Firstly, whatever may have been his previous position, it made him financially independent for the rest of his life; for, in an age when an unreformed peerage still discharged many useful and gracious functions, the handsome salary which Smith received as tutor was continued indefinitely as a pension. Secondly, it brought him into contact in Paris with the leading Physiocrats, that curious group of writers who, in essentials, had so much in common with Adam Smith. Nevertheless it is possible to hold that Smith was already 'complete' when he left Glasgow at the age of forty.

Smith's tour with the Duke lasted two and a half years. A considerable time was spent at Toulouse where Smith, being obviously bored in the earlier period (and no wonder), began to write the book which ultimately became *The Wealth of Nations*; some time was spent in Geneva where he met Voltaire; and ten months or so in Paris, where he met every one of any intellectual achievement or distinction. The grand tour completed, Smith settled down in Kirkcaldy, and for six uninterrupted years devoted himself to *The Wealth of Nations*. After some delays and further

work in London, this at last appeared in 1776. From the day of its publication, Adam Smith has been universally recognised as one of the master minds in the European tradition—one of the 'greatest vanquishers of error,' to fall back on a phrase used by admiring nineteenth-century Liberalism. On a much lower level, his fame secured for him his appointment as Commissioner of Customs in Scotland, an odd reward for the Apostle of Free Trade—a lucrative position, with not remarkably onerous duties. This post Smith continued to hold till the close of his life, marching to his office with exemplary punctuality, with his cane held over his right shoulder in the manner of a soldier carrying his musket. He died in 1790, at the age of 67.

II

Adam Smith's biography has been glanced at in the foregoing paragraphs because every man's work is interwoven with the texture of his life: in this case *The Wealth of Nations* has some of its roots in an expanding Glasgow. Clearly no less important are the intellectual and ideal forces which by repulsion or attraction influence a writer, above all in his most impressionable years. But before 'listing' the more obvious influences which shaped Smith (and more than a tabulation is scarcely possible here), it may be advisable to state, in as few words as possible, the essential core of Smith's doctrine. The task is one that calls for courage, if not perhaps recklessness: yet even an inadequate, and therefore possibly misleading, summary may be of assistance in helping to assess the importance of the various influences in question.

Putting aside all details proper to an economic text-book, deep down at the root of things the essence of Smith's doctrine is semi-theological in character. It is that there is a 'Natural Order', divinely ordained. As becomes an eighteenth-century Deist brought up in Scotland, Adam Smith is somewhat shy of calling God by his name. Yet the Almighty, by whatever name he may be called, has endowed man with inclinations which have a purpose and a design. In that somewhat too familiar phrase, men may be led by an invisible hand to promote an end that is no part of their intention. Moreover, God intends the happiness of mankind—indeed the maximum of happiness that is at any time possible. Restrictions of any kind almost inevitably impede the invisible hand in its beneficent guidance. The natural order is always struggling to assert itself; if all restrictions were removed, each one would 'naturally' act (though he knew it not) in such a way as to promote most effectively the public good. Thus Adam Smith is optimistic, not merely in believing in a natural

order, but in believing that this natural order is also the best order ; he believes in freedom and ' liberalism ', in particular in Free Trade in the technical sense ; he is an individualist, holding that each one is the best judge of his own affairs. Summarised in these few crude sentences, Adam Smith's theories may seem to bear some resemblance to Charles Fourier's doctrines regarding the human passions, doled out by the Almighty in precisely the measure necessary to produce the desired effect.² And though it may appear blasphemous to think of them together, perhaps there is a kinship.

The search for ' influences ' which have gone to the final fashioning of any of the great minds in the stream of thought is a dangerous pastime, for with a little ingenuity the number of contributory rivulets may be indefinitely multiplied, leading to a gratifying parade of second-hand scholarship, even if to no other very gratifying conclusion. But if we exclude all but the most insistent and obvious claimants, five ' influences ' remain for cataloguing, with a minimum of comment.

There is, *firstly*, the whole tribe of mercantilists, the dominant school against which Adam Smith reacted. This is accordingly an influence of repulsion, of repugnance. It is difficult to say anything of the mercantilists which will be at once accurate and fair ; for there was indeed no mercantilist orthodoxy. There was a floating body of views and expedients which changed its hue with time and place. No one would now say that they were merely a company of foolish people who confused money and wealth. Adam Smith, it must be allowed, was ' unfair ' in his criticism of the mercantilists ; by way of compensation, we are now so anxious to be ' fair ' that to-day a large part of the world has reverted to mercantilist views. But if the mercantilists were innocent of the cruder economic fallacies attributed to them throughout a large part of the nineteenth century, they nevertheless attached an excessive importance to the increase of our wealth and treasure, wherein (to quote Thomas Mun) ' wee must ever observe this rule, to sell more to strangers yearly than wee consume of theirs in value '. Mercantilism therefore in practice became a mass of expedients to increase exports and diminish imports, resting on all manner of governmental interventions and controls designed to promote these laudable ends. Mercantilism was indeed a system of universal restriction in which the Government accepted the control of all economic activity as within its province. All this represents the very antithesis of Adam Smith's doctrine of natural liberty. Doubtless he unduly simplified mercantilism for

² Nature ' bestows upon every virtue, and upon every vice, that precise reward or punishment which is best fitted to encourage the one, or to restrain the other.' The idea, if not the language, might be fitted almost anywhere into Fourier's theory of the passions.

the purpose of refuting it; nevertheless the great onslaught on the 'Commercial System' (as he calls it) in the fourth book of *The Wealth of Nations* is so pre-eminently the most effective, the most trenchant, and the most vigorous part of all his writings that no one with a taste for controversy would wish that Adam Smith had moderated his intellectual indignation.

There is, *secondly*, the influence of Francis Hutcheson—'the never-to-be-forgotten Hutcheson', as Adam Smith himself expressed it towards the end of his life. Hutcheson's was probably the most enduring and pervasive of all the influences that went to the making of Smith, largely because it was based on the affectionate veneration which the student feels for the greatest teacher of his time. In Buckle's examination of the Scottish intellect during the eighteenth century, Hutcheson figures as a leader against the 'darkest asceticism' under which Scotland had suffered, not merely supporting the 'usefulness' of wealth, but arguing in defence of the legitimacy of the natural appetites of man. It is claimed for Hutcheson that to him is due the authorship of the phrase regarding 'the greatest happiness of the greatest number', later to be appropriated by others. It was largely from him that Adam Smith drew his peculiar brand of a 'natural law' and his idea of what is 'natural'. *The Theory of Moral Sentiments* is throughout infused with the teaching of Hutcheson, even if it does not exactly reflect it; and in many detailed points in *The Wealth of Nations*, Smith was content to follow his master. Above all, it is from him that Smith derived what for want of a better word may be called his theological optimism. But apart from specific points which may be catalogued, Hutcheson obviously remained throughout Smith's life a dear memory, a young man's hero, influential even where his influence is not seen.

Thirdly, there is the influence of David Hume, his life-long friend. This may be cited without discussion, not because it is unimportant, but because it is so obvious that it requires no underlining. After the manner of an eighteenth-century essayist, David Hume is prepared to discourse of Polygamy and Divorces, or of Eloquence, or of Tragedy; but mingled with essays on such subjects, there are quite a few devoted to purely economic subjects, as well as some which are concerned with the frontier lands of economics and politics. To any one who reads the essays *Of Commerce, Of Money, Of the Balance of Trade, Of the Jealousy of Trade*, the significance of Hume in a study of Adam Smith will be at once apparent. For these essays contain a considerable number of the salient features developed by Smith in his indictment of the mercantilist system. On most of the argument for Free Trade, Hume and Smith speak with one voice.

The *fourth* influence may not be an influence at all; but at least there is a question of relationship. Few issues bearing on

The Wealth of Nations have been more hotly disputed than the problem of the affiliations existing between Adam Smith and the more or less contemporary school of Physiocrats in France, whose most distinguished members were Quesnay and Turgot. The Physiocrats were a peculiarly compact school of thinkers, adhering to Quesnay, their inspirer. Originally they were philosophers rather than economists. Like Smith they represented a reaction against the many-sided controls and interventions of Mercantilism which in its more recent French manifestation was known as Colbertism, and was primarily concerned with the artificial encouragement of manufactures. Their starting point was the old distinction between Natural Law and Positive Law. Natural Law reflects the mind and the intentions of the Creator, and a knowledge of it is (it is to be assumed) imprinted on the mind of the creature from the beginning of things; Positive Law is represented by the flood of enactments emitted by such legislative bodies as deliberate at Westminster. No need to ask which has the higher sanction! Positive Law clearly should never contradict Natural Law; but indeed the promulgators of Positive Law should add as little embroidery as possible to Natural Law, which should be in itself sufficient. There should in fact be as few positive laws as possible. Thus we arrive at the advocacy of non-intervention and free trade: *laissez faire*; *laissez passer*. So far we are on a path not markedly different from that followed by Adam Smith; but in the zeal of their reaction against the Colbertian artificial encouragement of manufactures, the Physiocrats tended to add a good deal of more eccentric doctrine and theorising. They not merely stressed the importance of agriculture, a course which was highly proper and laudable; they went further and held that labour in agriculture alone was 'productive', and that all other labour was, in the peculiar sense in which they used the words, 'sterile' and 'unproductive'. In short, the sole source of a nation's wealth was to be found in agriculture, which alone yielded a surplus, manifesting itself in rent after all other expenses had been met. In agriculture alone was such a 'net product' to be found.

That there is substantial identity between the *idées mères* of the Physiocrats and of Adam Smith is incontestable. On a rough-and-ready first approximation, one would almost be justified in saying that, up to a point, the foundations of Adam Smith correspond to the essentials of Physiocracy, with the eccentricities omitted. The older view was that this identity sprang from the time when Smith, conducting his Duke about Europe, spent almost a year in Paris in intimate discussion with the leaders of the Physiocratic School; that the Physiocrats had priority; and that they were among the major influences on Smith. To-day the problem is not so simple. The discovery and publication of notes of Smith's

professorial lectures proves conclusively that the main ideas of *The Wealth of Nations* were already being taught to the class of Moral Philosophy in Glasgow long before Smith had any dealings with the Physiocrats. He may never have been an adherent of the Physiocrats; but when he met them he was already eligible for the status of a fellow-traveller. There is nothing remarkable or unusual in two acute minds subjected to the same temporal influences, arriving independently at broadly similar conclusions. But if Smith owed no major debt to the Physiocrats, they were nevertheless a modifying influence in certain directions. It is probable that they confronted him with the problem of distribution, the solution of which was supposed to be contained in their somewhat cryptic *Tableau Economique*. There are, moreover, certain curious Physiocratic remnants embedded in *The Wealth of Nations*. Thus while Smith rejects the Physiocratic idea that agriculture is *alone* productive, quite inconsistently (on his own premises) he continues somewhat confusedly to argue that agriculture is marked by a greater productivity than industry, since here 'Nature labours with man'. He rejects the Physiocratic phraseology, while accepting the Physiocratic idea.

The *fifth* influence relates to the very problematic connecting link between Mandeville and Smith. It is included here out of deference to a long line of scholars at home and abroad who have thought it worthy of mention; but indeed the dispassionate student of these times may very well doubt whether the notorious *Fable of the Bees* counted for much in the shaping of Smith's philosophy. Mandeville's rather foolish rhyme, originally entitled *The Grumbling Hive*, with the sub-title *Private Vices, Public Benefits* (supplemented in the course of time with copious 'Remarks') was a designedly offensive publication. The author hoped that by appearing to approve of vice, he might shock his public and enlarge his circulation. It is an old line of criticism of this poor civilisation of ours that we all live on the misfortunes of our neighbours. Doctors notoriously pray for a good epidemic—or did so before the coming of the National Health Service; lawyers pray for a good wave of crime; it is only by dying that we can give adequate employment to the undertakers who therefore pray for a satisfactory mortality rate.* So also it is an old truth, much emphasised in the present generation, that we each derive our incomes from the expenditure of others, and that a wave of unbounded and intemperate economy would soon produce many grumbles in the hive. Smith devotes a chapter in *The Theory of Moral Sentiments* to disposing of Mandeville, and he unerringly places his finger on the quibble on which the whole of *The Fable of the Bees* rests. Somewhat pontifically, in a contest with so lightweight an opponent, Smith observes that 'it is the great fallacy

* For variations and elaborations of this pleasing theme, see Fourier, *passim*.

of Dr. Mandeville's book to represent every passion as wholly vicious, which is so in any degree and in any direction.' Indeed if everything beyond prison fare is to be regarded as a luxury, and if we have already defined luxury as a vice, then clearly the stability of society depends on the continuance of vice, and we may admire the spectacle of

Millions endeavouring to supply
Each other's Lust and Vanity.

Mandeville may have helped to impress upon Smith the Keynesian truth that expenditure generates incomes, and the further truth—or is it the same truth?—which is indeed the corner-stone of *The Wealth of Nations*, that we are all dependent on each other. It is significant that Adam Smith, with characteristic fairness even to the devil, observes that Mandeville's 'system' would not have imposed on so many, 'had it not in some respects bordered upon the truth'.

III

THESE then, on the usual reckoning, are the more obvious influences that shaped Adam Smith, and which are reflected in his two books, *The Theory of Moral Sentiments* and *The Wealth of Nations*. The relationship existing between these two works has not infrequently been misrepresented, and indeed at one time there was a tradition in criticism that they were in violent mutual contradiction. In his generous youth, so it was suggested, he analysed human nature on the assumption that 'Sympathy' was man's peculiar characteristic; he went to France and, coming into contact with materialistically-minded men, returned and wrote a book of which the fundamental assumption was that man was governed exclusively by motives of self-interest. The theory is nonsense on any interpretation. In the field of imaginative poetry it is all very well for John Milton to write *L'Allegro* and *Il Penseroso* as agreeable pendants; but it is not, we hope, the procedure followed by philosophers whose concern is with ultimate truth. In fact the two books are so far from being contradictory that they are inseparable parts of one larger whole. In their remote origins they alike spring from the course of lectures which Adam Smith gave to the Moral Philosophy Class in Glasgow. We are informed by one of his students that the course was divided into four parts. The first related to Natural Theology. The second comprehended Ethics, and became *The Theory of Moral Sentiments*. In the third part he treated of that part of morality which relates to justice, and in effect he was concerned with the progress

of Jurisprudence. This section, through a large part of his life, Smith hoped to work into a book; probably it perished in that holocaust of manuscripts a week before his death. The fourth part of his lectures was devoted to 'those political regulations which are founded, not upon the principle of justice, but that of expediency, and which are calculated to increase the riches, the power, and the prosperity of a state'; and this part ultimately became *The Wealth of Nations*. Smith's two works are accordingly merely the elaboration of two out of the four sections of lectures delivered to the Moral Philosophy Class in Glasgow in the author's vigorous youth.⁴

Perhaps *The Theory of Moral Sentiments* has not worn well as a contribution to Ethics. An economist who was also a philosopher says that in writing it Adam Smith 'displayed no deep philosophical acumen'. Undeniably there are passages where even an ordinary reader, unconvinced, is moved to questioning expostulation. Nevertheless it is a work which we neglect too much. Apart from the cogency or lack of cogency of the argument, *The Theory of Moral Sentiments* brings with it something of the charm of a collection of eighteenth-century essays. The author 'embellishes' his pages with a number of carefully drawn 'characters' such as the delineation of the 'Prudent Man', traditionally regarded as based on the great Provost Cochrane of Glasgow; and these, though in no way intimately related to the argument, abound in happy touches, bearing ample testimony to Adam Smith's observant eye. Even more elaborate is the characterisation of the Proud Man and of the Vain Man, with its subtle differentiation between Pride and Vanity. Doubtless his students enjoyed hearing this as much as Adam Smith obviously enjoyed writing it. But apart from its literary charm, *The Theory of Moral Sentiments* is of the highest importance because of the way in which it supplements the views of Adam Smith on the nature of man and the way this world runs, as set out in the more familiar territory of *The Wealth of Nations*.

First of all, as to the content of *The Theory of Moral Sentiments*, and the relation of the principle of Sympathy to the Self-interest of *The Wealth of Nations*, this may be said. The ethical problem which engaged the attention of the eighteenth century was very largely that of determining what it is that leads us to regard certain actions with approval. This was the problem—or one of the problems—with which Shaftesbury, Hutcheson, Butler, and Hume (and for that matter, Mandeville) all wrestled; and after the manner of philosophers, they gave varying answers. Was it

⁴ When one reflects on the average age at which students entered the Scottish Universities in the eighteenth century, it is difficult to withhold a gasp of astonished admiration for our ancestors who, apparently, took in their childhood's stride the framework of *The Theory of Moral Sentiments* and of *The Wealth of Nations*, as half a course of lectures on Moral Philosophy.

sufficient to say that we relied on Conscience, the voice of God? Were we born with a special Moral Sense? Was virtue merely selfishness, heavily disguised?

It is evident that in Adam Smith's thought the principles of Sympathy and Self-love are strangely intertwined. His starting point is that however selfish man may be supposed to be, he nevertheless does in fact feel for others. The only way in which we can feel pity or compassion in any given case is 'by conceiving what we ourselves should feel in the like situation'. We change places in fancy with the sufferer. Apart from assigning this sympathetic impulse to a 'principle of Nature'—that convenient explanation of all things—Smith does not in opening the discussion make it clear why we should thus wish to change places in fancy with those around us. When we do approach an explanation, the view of human nature underlying *The Theory of Moral Sentiments* goes a long way towards coalescing with the view of human nature in *The Wealth of Nations*. 'All the members of human society', we are told, 'stand in need of each other's assistance, and are likewise exposed to mutual injuries'. Moreover, Nature which does all things with a purpose, when she formed man for society 'endowed him with an original desire to please, and an original aversion to offend his brethren'. Nevertheless it is our own concerns that are of fundamental importance to each of us; but we have need of others, and in our own interests we must not offend them. A few disjointed sentences may be quoted to illustrate how we view ourselves and how we ought to view others:

Every man is, no doubt, by nature, first and principally recommended to his own care; and as he is fitter to take care of himself, than of any other person, it is fit and right that it should be so. Every man, therefore, is much more deeply interested in whatever concerns himself, than in what concerns any other man. . . . But though the ruin of our neighbour may affect us much less than a very small misfortune of our own, we must not ruin him to prevent that small misfortune, nor even to prevent our own ruin. We must, here, as in all other cases, view ourselves not so much according to that light in which we may naturally appear to ourselves, as according to that in which we naturally appear to others. Though every man, according to the proverb, be the whole world to himself, to the rest of mankind he is a most insignificant part of it. . . . Though it may be true, therefore, that every individual in his own breast, naturally prefers himself to all mankind, yet he dares not look mankind in the face, and avow that he acts according to this principle. . . . If he would act so as that the impartial spectator may enter into the principles of his conduct which is what of all things he has the greatest desire to do, he must upon this, as upon all other occasions, humble the arrogance of his self-love, and bring it down to something which other men can go along with.

In another lengthier (and therefore less quotable) passage, Adam Smith is even more emphatic, contrasting a man's lamentations over a lost finger, with the way in which, *provided he never saw them* (inhabitants in remote China), 'he will snore with the most profound security over the ruin of a hundred millions of his brethren'. And having regard to the strength of these selfish instincts, he asks in effect, though in more dignified language, how it comes that we act as decently as we do. It is not, he says, 'the soft power of humanity, it is not that feeble spark of benevolence which Nature has lighted up in the human heart, that is thus capable of counteracting the strongest impulses of self-love'. It is a stronger power. It is—and Smith gives a list of the *aliases* of that power to which he appeals throughout—it is 'reason, principle, conscience, the inhabitant of the breast, the man within, the great judge and arbiter of our conduct'. It is this elusive power that tells us that we are but one of the multitude, in no respect better than any other in it. It is this man within that tells us that 'the natural misrepresentations of self-love can be corrected only by the eye of this impartial spectator'. In the end we behave decently, because we should lose our self-respect if we were to behave otherwise :

It is not the love of our neighbour, it is not the love of mankind, which on many occasions prompts us to the practice of those divine virtues. It is a stronger love, a more powerful affection, which generally takes place upon such occasions ; the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our own characters.

Whether or not this is a consistent or satisfying explanation of human behaviour is for the present purpose irrelevant. But so far as concerns the question of a discrepancy between the underlying assumptions of *The Theory of Moral Sentiments* and of *The Wealth of Nations*, it will be noted that in the earlier work as in the later, we are each of us primarily called upon to look after ourselves ; our relatively small interests are of greater importance to us than are the major affairs of others. On the other hand it is but a 'feeble spark of benevolence' (a significant phrase) that was originally kindled in our hearts by Nature—a spark that needs to be carefully tended by prudent reflections on our need for others, by the man within, the power of reason, the thought of the impartial spectator, and regard for our own self-respect.

Such then is Man, not markedly different in 1776 from what he was in 1759. What about God, whether called by that name, or discreetly veiled behind an invisible hand? What about the government of the Universe? Firstly, as Adam Smith learned from Hutcheson, God made us for happiness : 'the happiness of mankind, as well as of all other rational creatures, seems to

have been the original purpose intended by the Author of nature, when he brought them into existence'. Not only did he make us for happiness at the beginning of things, he labours to maintain that happiness: the all-wise Being who made the Universe 'is determined, by his own unalterable perfections, to maintain in it, at all times, the greatest possible quantity of happiness'. When we have regard to the dictates of our moral faculties, we do our utmost to promote happiness, and may be said to co-operate with the Deity; when we act otherwise, we declare ourselves in some measure, the enemies of God. God and man are joint-labourers in the great task of promoting human happiness.

Nevertheless God moves in a mysterious way. Throughout the Universe, means are adjusted 'with the nicest artifice' to the ends they are intended to produce; and all unconsciously we labour to produce ends we are unconscious of. Probably the best known phrase in the whole of Adam Smith is in the passage in *The Wealth of Nations* where he tells us how we are led by an invisible hand to promote an end that was no part of our intention. But indeed not merely does the phrase already occur in another connection in *The Theory of Moral Sentiments*, but the whole of the earlier work is permeated with the idea. The wheels of a watch are admirably adjusted to their end, the pointing of the hour. If they were endowed with a desire and intention to achieve this end, they could not do it better. They are put in motion by a spring which intends the effect it produces as little as they do. In such cases we realise that the intention is to be ascribed to the watch-maker; but when we come to the operations of the mind we are apt to confuse ourselves, and imagine that to be the wisdom of man which in reality is the wisdom of God. Thus Adam Smith on the great Watch-maker—a dangerous simile, which must not be pressed too far or examined too closely.

In the light of this divine arrangement whereby we, the hands of the watch, are induced to point to the hour, without intending it, or indeed without knowing that we are doing so, let us look at what, in *The Wealth of Nations*, figures as the dominant motive of human nature, namely, the desire of every man to better his condition. Why should any one seek to better his condition? Most of us could give an answer and a fairly satisfactory answer; but it would not be the answer that Adam Smith gives. Indeed for one who is not uncommonly regarded as the High Priest of the Cult of Acquisitiveness and Selfishness, Adam Smith's attitude to wealth as such and the contribution it may make to private enjoyment is singularly contemptuous. It may be a slightly unpleasant reflection of his own comfortable conditions throughout life: in any case, never did an ascetic philosopher so emphasise that an increase of wealth could bring no increase of happiness. 'What can be added to the happiness of the man who is in health,

who is out of debt, and has a clear conscience? To such an one all accessions of fortune are merely superfluous. He would have us believe that the wages of the meanest labourer can supply all the necessities of nature; indeed that the expenditure of such a labourer extends to 'conveniences which may be regarded as superfluities'. Nay more, 'upon extraordinary occasions he can give something even to vanity and distinction'. In the passage in *The Theory of Moral Sentiments* where the invisible hand makes a less happy appearance than in *The Wealth of Nations*, he undertakes the difficult task of proving that the rich get no more out of life than the poor. The capacity of his stomach is limited, 'and will receive no more than that of the meanest peasant'. But the passage is significant in so many respects, that a portion of it may be quoted:

The rich only select from the heap what is most precious and agreeable. They consume little more than the poor, and in spite of their natural selfishness and rapacity, though they mean only their own convenience, though the sole end which they propose from the labours of all the thousands whom they employ, be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessities of life, which would have been made, had the earth, been divided into equal portions among all its inhabitants; and thus, without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species.

The comforting conclusion is that in ease of body and peace of mind the different ranks of life are nearly upon a level; and since it is fitting that a purple passage should end with an epigram, 'the beggar who suns himself by the side of the highway, possesses that security which kings are fighting for'.

If then the driving force of the world is to be found in Man's uniform endeavour to better his condition; but if all ranks are pretty much on the same level so far as concerns the enjoyments of life—the beggar being, if anything, rather happier than the King—we are forced back to the question: 'Why do we do it?' 'To what purpose', as Adam Smith very properly asks, 'is all the toil and bustle of the world?' The answer which Adam Smith gives has a manifest eighteenth-century flavour. We are, he says, endowed with a natural admiration and envy of the rich and the great. We wish 'to be observed, to be attended to, to be taken notice of with sympathy, complacency and approbation'. It is our vanity that urges us on, desiring for ourselves the sympathetic consideration and attention which are the natural lot of the great and the rich. It is not wealth that men desire, but the consideration and the good opinion that wait upon riches.

And thus, place, that great object which divides the wives of aldermen, is the end of half the labours of human life ; and is the cause of all the tumult and bustle, all the rapine and injustice, which avarice and ambition have introduced into this world.

Nature (or God) in fact imposes upon us ; we are the victims of a deception. This reverential regard for the wealthy and the great, our desire for 'place' that we may gain the consideration they enjoy, has on the one hand inspired the labours of mankind, and made progress possible ; on the other hand it is a guarantee of stability of government. But it all springs from the vanity and frailty of man, cunningly devised by the Almighty to induce us to achieve ends we do not intend. And as Adam Smith tells us more than once we ought, on this as on many other occasions, to 'admire the wisdom of God even in the weakness and folly of man'.

IV

The Wealth of Nations dates from 1776 ; it is thus seventeen years junior to the *Moral Sentiments*, and in the intervening period Smith had mingled with the highest intellectual society of France and enjoyed the contemplative seclusion of Kirkcaldy. In discussing the substantial identity of the underlying assumptions on which Smith's two major works are based, not a little has already been said inferentially regarding *The Wealth of Nations*. Even if we temper our enthusiasm and stop somewhat short of claiming (as has been done) that it is probably the most important book that has ever been written, it will certainly be acknowledged by all competent authorities to be one of the major landmarks in the world's intellectual history. But indeed *The Wealth of Nations* is in every respect so stupendous a work that no attempt can here be made to summarise or epitomise its contents : the utmost that can be done is to select for consideration a few aspects here and there as convenient pointers to an assessment of Adam Smith, the man and his work.

And, first of all, it is clear that *The Wealth of Nations* is wholly unique in the relationship in which it stands to that branch of knowledge and enquiry to which it is devoted. *The Theory of Moral Sentiments*, had it not in the event proved to be a kind of Prolegomena to Smith's later work, would long ere now have shrunk to the indignity of a foot-note or a minor paragraph in a history of ethical theory. On the other hand in the literature of Economics in every language the name of Adam Smith is still everywhere. The significance of *The Wealth of Nations* in this respect is embodied in the popular belief that Adam Smith

'discovered', or 'invented', or 'created' (or whatever be the appropriate word), the Science of Political Economy; or, if we may take refuge in a metaphor of comfortable vagueness, that Adam Smith is 'the Father of Political Economy'. The popular verdict, as often in these cases, is entirely correct, if understood in the sense in which it is correct. If with reasonable justification we may view Adam Smith as the Founder of Political Economy, this must not be taken as implying that there was no economic literature before his time. There always has been an economic literature, even if it may not have been so labelled. The fundamental question of economic theory—that of value—was tackled by Aristotle; Plato is still a leading authority on the theory of division of labour. A book entitled *Traicté de l'Economie Politique* had been written as far back as 1615 by Montchrétien, though indeed the work hardly corresponds to the title. In the century-and-a-half preceding Adam Smith there was a vast literature of mercantilist tracts and pamphlets dealing with the whole range of practical economic problems. Some have found in the mysterious Cantillon a possible earlier father of political economy. Indeed the devil's advocate might not merely point to the existence before Adam Smith of an enormous literature dealing with economic topics, but he might go on to point out that a large proportion of the ideas naturally associated with Adam Smith may be found by the diligent gleaner and comber scattered throughout this literature.

Yet when all this has been said, the popular view that, in some peculiar sense, Adam Smith was the 'Founder' of Political Economy remains unshaken. What Adam Smith did, again speaking broadly, was to raise economic discussion from the level of the partisan pamphlet to the status of the scientific treatise; and in so doing, his treatment was marked by a comprehensiveness which not merely made *The Wealth of Nations* something entirely new, but by a comprehensiveness from which Political Economy (perhaps to its disadvantage) has receded in the intervening 170 years.

Also, indirectly if not directly, Adam Smith prescribed the shape, the plan, the lay-out of economic discussion (and of economic text-books) for the next 150 years, probably indirectly much more than directly. Let us be frank about it and confess that *The Wealth of Nations* is an untidy, disorderly book. Was it not J. B. Say who described it as a vast chaos, which, just for that reason, required to be rewritten by a Frenchman? It is disfigured by digressions; it is interlarded with slabs of history which, however admirable they may be, make it difficult for the reader to remember where he was when the digression set out. It is badly arranged: some chapters proliferate into subordinate parts, and some subordinate parts into subordinate articles, in

short, a book which no reviewer would commend as an example of orderly arrangement or lucid sequence. Yet Smith mapped out the ground and even if *The Wealth of Nations* is not exactly the model on which (e.g.) Mill's *Principles* were based, the difference is less than it appears to the superficial eye. Systematisers followed, of whom the chief was Say who, despite his desire to be critical, largely devoted himself to systematising that vast chaos of just ideas which is what he conceived Smith to be. Thus systematised, Adam Smith governed economic thought, at least until the arrival of the Austrians.

One other general point regarding *The Wealth of Nations*, before glancing at a few topics in greater detail. It has been said above that *The Wealth of Nations* is marked by a comprehensiveness from which economics has since receded. Let us never forget that we are here dealing with a book that springs (doubtless fattened by much subsequent thought and research) from lectures given in a moral philosophy class-room. Smith was therefore concerned with man in all his social activities. In that summary of headings left by one of his students (already quoted), Smith was represented as concerned in this section with 'those political regulations which are founded . . . upon the principle . . . of . . . expediency and which are calculated to increase the riches, the power and the prosperity of a State.' But this, it will be said, is not Economics—nor is it, in the modern sense. It is 'national housekeeping' which, as philologists assure us, is the original meaning of 'Political Economy'. It is, among other things, a study of statecraft, of how things are done or should not be done, and is more or less co-extensive with all the activities of this teaming ant-heap which together we constitute. There is here no distinction between economic science and economic art; Smith is a historian as well as a theorist, an observer and a recorder as well as a political philosopher. If it were not unduly to suggest a straining after paradox, one might say that Adam Smith was the last writer of the pre-Smithian age of economics. His influence made Political Economy as a separate branch of study; but for that very reason he wrote before Political Economy was born, and his work bears the mark of two eras.

The first sentence of the Introduction to *The Wealth of Nations*, above all if reinforced by reference to the first chapter of the first book, provides a convenient starting-point for a consideration of some of the more significant features of the thought of Adam Smith as set forth in *The Wealth of Nations*. The opening words have often been quoted as adequately foreshadowing one of the outstanding characteristics of Smith:

The annual labour of every nation is the fund which originally supplies it with all the necessities and conveniences of life which it annually consumes, and which consist always either in the immediate

produce of that labour, or in what is purchased with that produce from other nations.

In other words, the ultimate source of all wealth is in labour. It will be recalled that the Mercantilists had found the source of wealth in foreign trade; the Physiocrats had held that Agriculture was alone productive, and therefore in a sense the ultimate source of all wealth. Smith changes the ground and holds that wealth has its roots in labour alone. No doubt he gets entangled later in that evil legacy of the Physiocrats, and endeavours to distinguish between those who are employed in useful labour and those who are not so employed, between productive and unproductive labour, as the distinction (following the Physiocrats) is termed in the body of the book. Nevertheless though Smith has much to say about it in later chapters, the bold statement in the opening sentence assigning wealth to labour as its ultimate source, marks a significant stage in European thought.

Smith's starting-point then is Labour, and the 'causes of improvement in the productive powers of labour'. It is a somewhat curious consequence that the first three chapters are devoted to the meaning and the implications of Division of Labour. It is not the jumping-off ground most people would select for what is in effect a Treatise on Political Economy. That Adam Smith puts this problem in the forefront is of enormous significance for a comprehension of his views regarding society and the working of the great machine. For in his view it is Division of Labour that holds society together; it provides the cement, the mortar, that binds us one to another. Waiving the lapse into the comparatively absurd involved in the passing suggestion that it springs from a 'propensity to truck, barter and exchange one thing for another', Division of Labour owes its origin to the fact that we all need 'the co-operation and assistance of great multitudes', whereas life is too short to gain the friendship of more than a few; we must therefore bargain for the help of others, and make it to their interest to help us:

But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them. . . . It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages.

Here, epitomised at the outset, if one so chooses, is the whole philosophy of Adam Smith, in its strength, and as some would

say, in its weakness. Society is a curiously contrived organism where each pursues his own end, and should accordingly have freedom to pursue his own end. But in doing so, without intending it, he makes himself useful to others and promotes the common good. The butcher's desire is merely to enlarge his business; but if he is to succeed in this, he must have the human and professional qualities that make a good butcher. As a consequence, we get a good dinner—or did, in happier days. On the other hand, this also reveals why Smith has so frequently, especially on the Continent, been accused of being 'atomistic'. In society—such is the criticism—he sees nothing more than a multitude of unrelated atoms.

The central position assigned by Adam Smith to Division of Labour, and his laudation of its advantages, have led to a generally prevailing view that he is the High Priest of the extension of the principle under all circumstances. Despite his strong views on some questions, Smith was never one-sided; indeed to a surprising extent, all views and all parties may derive sustenance from his writings. It is not merely significant of Smith, the great protagonist of division of labour, that he should express, as clearly as any one has ever done, the disadvantages of division of labour; it is equally significant of the rather disorderly nature of *The Wealth of Nations* that his adverse criticism of division of labour should occur in a wholly different part of the book where he is professedly discussing education. As this Fifth Book is less frequently read, Smith's views on the adverse side of the question have to a large extent been overlooked. A few mangled sentences fail to do justice to the eighteenth-century dignity of the whole passage; but they may suggest the flavour, and serve as a corrective:

The man whose whole life is spent in performing a few simple operations, of which the effects, too, are perhaps always the same . . . has no occasion to exert his understanding, or to exercise his invention, in finding out expedients for removing difficulties which never occur. He naturally loses therefore, the habit of such exertion and generally becomes as stupid and ignorant as it is possible for a human creature to become. . . . Of the great and extensive interests of his country he is altogether incapable of judging; and unless very particular pains have been taken to render him otherwise, he is equally incapable of defending his country in war. . . . His dexterity at his own particular trade seems, in this manner, to be acquired at the expense of his intellectual, social and martial virtues.

The view of society as a congeries of individuals pursuing their separate activities at the behest of the principle of division of labour, and subsequently effecting an exchange of their products or services, naturally leads to a consideration of Money, of Value,

and of what would now be called the theory of distribution. All this is doubtless of the highest interest to a historian of economic doctrine ; let it be admitted that for a non-specialist reader they are among the less attractive territories of Adam Smith. Nevertheless they present certain aspects which are illuminating. Take for instance the question of Value. Heaven forbid that any one should discuss the theory of value, here or anywhere else if it can be avoided. Having discussed it for over 2,000 years without getting anywhere in particular, it is probable that the human race will continue to discover flaws in the recently dominant theory and struggle on in the windy debate. But this, somewhat gingerly, may be said with regard to Adam Smith's treatment of Value, that the chapters dealing with this question are the most confused and least satisfactory in *The Wealth of Nations*. The reader gets the impression that Smith, like not a few first-year students, is not quite sure which question he is attempting to answer. In Smith's discussion there are two questions which are inextricably intertwined, and he moves from one to the other with an unconscious dexterity which makes it extremely difficult to grasp what is the conclusion of the whole matter. We may ask what it is that determines value ; we may also ask what is the best measure of value, however value may be determined. In Smith's view, in an 'early and rude state of society', where economic activity apparently consists in the pursuit of deer and beavers, labour is the sole consideration : if it takes twice as long to run down a deer as to run down a beaver, then one deer is worth two beavers ; also in this early and rude society, 'the whole produce of labour belongs to the labourer'.

It is otherwise when we pass to a condition of society where we must reckon with the accumulation of 'stock' and the appropriation of land. The whole produce of labour may then no longer belong to the labourer ; in fact Smith arrives at what is in effect a cost-of-production theory of value, in which the various agents of production, as we should now say, receive their normal rate of remuneration. But mingled with all this is the other question of what is the best measure of value. Gold and silver vary ; quantities of corn are (he suggests) more stable ; in the end he comes down to labour as furnishing the best standard in this respect.

Labour, therefore, it appears evidently, is the only universal, as well as the only accurate, measure of value, or the only standard by which we can compare the values of different commodities, at all times, and at all places.

No one can be blamed for being somewhat befogged by Adam Smith's treatment of value. Especially in earlier days the relationship which he established between value and labour was assumed

to be much closer than a careful reading of Smith shows that he intended. But, through Ricardo, his cost-of-production theory and his emphasis on labour as the source of all value, became one of the corner-stones of the Marxian structure. Indeed, it is a commonplace that Scientific Socialism was arrived at by carrying classical English political economy to its logical conclusions.

The chapters on distribution repeat some of the features which distinguish those on value. It has been suggested that this is one of those sections in which contact with the Physiocrats induced him to add to his Glasgow lectures, and that he never properly cleared his mind on the issues involved. Certainly these chapters, if any, would lend support to the view that Smith had primarily a mind distinguished by powers of observation and that he showed no outstanding superiority in the dialectical parts of his treatise. Yet nothing could be more edifying than to observe how in the chapter on wages, for example, adumbrations of theories that are not wholly consistent with each other lie together in somewhat uneasy juxtaposition. Here, one is tempted to say, are the seeds of all later speculation and theory. It is again a tribute to the greatness of Smith that all schools of thought may trace to him their origin and inspiration.

Nevertheless when all is said, the most vital, the most exciting and the most topical part of Adam Smith is that which he devotes to the establishment of *laissez faire* in general and of Free Trade in particular. That this section was written with a view to the demolition of the Mercantilists, that he attributed to them a crudeness of view which many of them would have repudiated, is here immaterial. These chapters are a notable example of high and sustained argument; they are also good literature; they are studded with telling and picturesque phrases which anyone might be proud to have devised. Academic excavators in search of the origins of the phrase *laissez faire* have unearthed a passage from Boisguillebert (1697) wherein he explains that just as Providence has devised expedients for the protection of weaker animals against the more savage, so also in the ordinary intercourse of life, it has established such an order, that *pourvu qu'on la laisse faire*, it is not possible for the strong to take undue advantage of the weak. Adam Smith also, in his comparatively green days, came very near to a phrase which is almost, a translation of *laissez faire*. In a manuscript, dating from 1753, he observes :

Man is generally considered by statesmen and projectors as the materials of a sort of political mechanics. Projectors disturb nature in the course of her operations on human affairs; and it requires no more than to leave her alone, and give her fair play in the pursuit of her ends, that she may establish her own designs.

Smith's argument for *laissez faire* in all its aspects, as unfolded in *The Wealth of Nations*, may be said to proceed along two wholly independent lines. There is firstly the *a priori* argument resting on the natural order which, if we invoke the invisible hand, is also the best order. We are naturally led to do that which is best for society :

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society.

The order in which he 'naturally' prefers to invest his capital is, by divine pre-arrangement, precisely the order in which investment would be most advantageous to the community. Each one acting thus neither intends to promote the public interest, nor does he know how much he is promoting it, but 'is led by an invisible hand to promote an end which was no part of his intention'. The significance of this with regard to the argument for Free Trade in the narrower sense is obvious ; for if men left to themselves are 'naturally' led to do that which is best in the public interest, any intervention by the State, directing trade into channels which it would not otherwise have taken, must of necessity produce a diversion to less advantageous channels. Not only so, but as Smith points out in his criticism of Quesnay, the continual compulsion of the invisible hand may enable a society to overcome, and even flourish under, a considerable measure of misgovernment :

He (Quesnay) seems not to have considered that in the political body, the natural effort which every man is continually making to better his own condition, is a principle of preservation capable of preventing and correcting, in many respects, the bad effects of a political economy, in some degree both partial and oppressive.

The argument that relies on the invisible hand probably does not carry much weight to-day. Not—it is to be hoped—that we have lost faith in the invisible hand ; but somehow Adam Smith's invisible hand is rather too specific in the things that it does. It is difficult to believe, as Smith would persuade us in the *Moral Sentiments*, that when Nature implanted in our breasts that reverential regard for the peerage which is our distinguishing characteristic, its real intention was to safeguard the stability of society.

But alongside the *a priori* argument for *laissez faire*, there is the appeal to experience, to the proved incompetence of government. In fact, we are each of us the best judge of our own affairs, much more competent to look after ourselves than a distant statesman or lawyer.

The statesman who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would be nowhere so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

This, it must be regretfully admitted, is a somewhat hackneyed quotation. Much less familiar is a passage in the *Moral Sentiments*, where Smith delineates the character of what he rather archaically calls the 'man of system': may we, in modern language, say the 'planner'? Smith complains that the man of system 'seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board'. The man of system, remote ancestor of the planner, forgets that 'in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might choose to impress upon it.'

Many aspects of Adam Smith's genius have of necessity gone unmentioned in the foregoing pages; but perhaps enough has been said to indicate the outstanding features of the man and his legacy. At the risk of appearing to present an arid catalogue, it may be said that Smith was a non-interventionist, a free trader, radiantly optimistic with regard to the destiny of the world (in marked contrast to Malthus and Ricardo later), and a believer in the essential harmony of all things. Yet one general comment must be made on all these somewhat conventional characterisations. It is that Smith was never a man of theory; he always had his feet firmly on the ground; in the end, on any given concrete question he would have said that a decision had to be based on the facts of the case. It follows that on all the major aspects of the theory or philosophy of Smith, it is possible to cite from Smith himself a reasoned advocacy of exceptions which appear to violate his general principles. Thus on this last question of the activity of the State, Smith's principles indeed compelled him to restrict these functions to a minimum, but this is merely as a good working hypothesis; he was never an unreasoning doctrinaire as was later von Humboldt in his travesty of *laissez faire* doctrine. All manner of possible forms of state activity are admitted by Smith, and it is clear that he would in fact have considered each case on its merits. Let it also be remembered that Smith had no experience of a competent and efficient civil service; and that the extension of state activity has depended partly on the growth of such a reliable body of administrators, partly also on such low considerations as the development of office machinery and ease of communications. Adam Smith was a Free Trader, but he deliberately enumerated

exceptions to Free Trade. He was cosmopolitan in sympathy ; but, no less patriotic than List, his cosmopolitanism grew out of a love of his own country. He was optimistic and believed in harmony, but he was not blind to the possibility that there might be a clash of interest between certain sections of the community (notably manufacturers and traders) and the community at large. In every case Smith supplies the appropriate corrective against possible doctrinaire applications of the theories which he espoused.

Moreover, it is no small matter that a master-piece of reasoning and thought should also be a masterpiece of literary style. Smith has at his command a somewhat sardonic humour, which is admirably devised for its purpose. Somewhat irrelevantly, since it is not related to any of the points touched upon in the preceding pages, an example of Smith's happier style may be drawn from the section bearing the humdrum title 'Of the Expense of the Institutions for the Education of Youth'. He is demonstrating the evil consequences on the teaching staff of a university, if they enjoy too great security and are sheltered from the invigorating breezes of competition. The passage is of considerable biographical interest as embodying his memories of the rather ineffective Oxford of his day.

If the teacher happens to be a man of sense, it must be an unpleasant thing to him to be conscious, while he is lecturing to his students, that he is either speaking or reading nonsense, or what is very little better than nonsense. It must, too, be unpleasant to him to observe that the greater part of his students desert his lectures ; or perhaps, attend upon them with plain enough marks of neglect, contempt, and derision. If he is obliged, therefore, to give a certain number of lectures, these motives alone, without any other interest, might dispose him to take some pains to give tolerably good ones. Several different expedients, however, may be fallen upon, which will effectually blunt the edge of all these incitements to diligence. The teacher, instead of explaining to his pupils himself the science in which he proposes to instruct them, may read some book upon it ; and if this book is written in a foreign and dead language, by interpreting it to them into their own, or, what would give him still less trouble, by making them interpret it to him, and by now and then making an occasional remark upon it, he may flatter himself that he is giving a lecture. The slightest degree of knowledge and application will enable him to do this, without exposing himself to contempt or derision, by saying any thing that is really foolish, absurd, or ridiculous. The discipline of the college, at the same time, may enable him to force all his pupils to the most regular attendance upon his sham lecture, and to maintain the most decent and respectful behaviour during the whole time of the performance.

Even if we hope that this is a libel, may we not perhaps borrow a phrase from Adam Smith himself and say that the ordinary man would not enjoy this quotation so much, 'had it not in some respects bordered upon the truth'?

V

ONE last look at the man himself. Few men have ever had so completely unruffled a life as Adam Smith; and his good fortune in this respect was reflected in a singular benignity of disposition. He was pre-eminently a hard-headed east-country Scot, '*un de ces sages vieux Ecossais*' encountered in the pages of Walter Scott, as is suggested by M. Gonnard, speaking on behalf of the 'auld alliance'. He was, perhaps, slightly unemotional. He is unquestionably a somewhat cold-blooded philosopher who can hold that the manifestations of the passion of love are always, in some measure, ridiculous; or who, as a concession, will go no further than to admit that love 'though it may be ridiculous, is not naturally odious'. On the other hand, Adam Smith's life was full of warm friendships in measure given to few. His friendship with David Hume is one of the great episodes in the history of literary men. The unbroken harmony between Smith and his mother is a very beautiful tribute to both. She survived, an inmate of his house, until Adam Smith was over 60 years of age, and her death was no small part of the cause of his breakdown in health. He was generous in his judgment and in his help to all, with or without claim upon him. And as a final example of his imperturbability, it is useful to recall in these days his remark to a young pessimist who, in the worst days of the American war, was lamenting the ruin of the nation. 'Be assured, my young friend,' said Smith, 'that there is a great deal of ruin in a nation'.

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